Goods and services tax

3761. SHRI RAHUL BAJAJ:
SHRI RAJKUMAR DHOOT:

Will the Minister of FINANCE be pleased to state what are the milestones envisaged in the development of Goods and Services Tax by 2010?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): The Government has declared its intention to introduce Goods and Services Tax (GST) with effect from 01 April, 2010. Accordingly, in May 2007, it was decided that the Empowered Committee of State Finance Ministers (EC) would work with the Central Government to prepare a roadmap for introducing GST in the country with effect from 01 April, 2010. EC had set up a Joint Working Group (JWG) comprising officials of the Central Government and State Governments, which studied the various models of GST existing globally and other relevant material available on the subject. In November 2007, the JWG submitted its report to EC for their consideration of the suggested design framework and implementation of roadmap for introduction of GST in India. The Report submitted by JWG is presently under deliberation within the EC.

Hike in prices of essential commodities and taxes

3762. SHRI ABU ASIM AZMI: Will the Minister of FINANCE be pleased to state:

(a) whether Government's policy is to check the hike in prices of the commodities or to increase the tax charges in the country;

(b) if so, the details of the hike in prices of commodities/essential commodities during the last three years, year-wise;

(c) the details of hike of taxes during the last three years, year-wise;

(d) how far Government has been benefited due to hike in taxes and public suffered; and

(e) the steps expected to be taken to stop the hike in prices for the safety of the common man?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The details of annual average price increase of 30 essential commodities are indicated in Table 1.

Table 1: Year-on-year average inflation of 30 essential commodities (%)

Items	Weight	2005-06	2006-07	2007-08P
1	2	3	4	5
All commodities	100.00	4.4	5.4	4.5
Essential commodities	17.63	4.3	6.1	2.2
Rice	2.45	3.8	2.9	6.8
Wheat	1.38	4.0	13.0	4.3
Gram	0.22	14.5	32.9	-4.3
Arhar	0.13	-4.6	6.6	14.1
Potatoes	0.26	17.3	17.7	10.3

1	2	3	4	5
Onions	0.09	23.7	-5.2	46.0
Tea	0.16	-10.7	18.8	-6.7
Sugar	3.62	10.6	0.6	-13.5
Rape & Mustard Oil	0.49	-9.7	3.7	16.5
Groundnut Oil	0.17	-3.2	12.8	21.9
Salt	0.02	21.7	-5.4	-0.3
Hydrogenated vanaspati	0.80	-3.8	5.6	6.4
Jowar	0.22	4.8	11.2	13.9
Bajra	0.11	15.1	7.9	3.6
Moong	0.11	17.0	38.2	-11.9
Masur	0.04	3.5	4.6	25.5
Urad	0.10	25.0	49.3	-16.6
Milk	4.37	0.3	6.4	8.4
Fish-Inland	0.50	25.3	-4.7	-8.4
Mutton	0.44	3.9	8.6	6.1
Chillies(Dry)	0.19	-5.5	61.7	0.6
Atta	0.21	5.4	18.6	3.4
Gur	0.06	11.3	-3.8	-8.1
Coconut Oil	0.17	-15.8	-5.9	-1.9
Coking coal	0.24	5.2	0.0	3.1
Kerosene	0.69	-0.1	0.0	0.0
Long cloth/sheeting	0.06	-7.9	1.1	0.0
Dhoties, sarees & voils	0.04	0.5	0.4	0.0
Household laundry soap	0.17	9.6	11.5	14.2
Safety Matches	0.12	-0.9	2.7	3.4

P.— Provisional

(c) Information is annexed as Statement. (*See* below).

(d) The Government benefits from a hike in customs or central excise duties through enhanced revenue collections in case the volume of imports or domestic production are maintained after the hike. As increase in taxes either provides additional protection to domestic manufacturers or reduces compliance costs by reducing the number of exemption/ concessions. As such, every increase may not result in suffering for the public.

(e) Containment of inflation remains high on the agenda of the Government. Anti-inflationary policies of the government include strict fiscal discipline, rationalization of duties of essential items, effective supply-demand management of essential commodities through liberal tariff and trade policies, and procurement through public sector agencies. The Monetary policy of Reserve Bank of India, while being conducive to economic growth, has attempted to contain inflationary expectations arising out of uncertainties in domestic and international environment.

Statement

Year-wise details of hike of taxes during last three years

Budget 2008

Customs

Customs duty on cigars, cheroots and cigarillos has been increased from 30% to 60%.

Export duty rate on chromium ores and concentrates, all sorts, has been increased from Rs. 2000 PMT to Rs. 3000 PMT.

Excise—Duty has been increased on Cement clinkers from Rs. 350 per tonne to Rs. 450 per tonne.

	Non-filter cigarettes	Existing Rate	Proposed Rate
1.	Not exceeding 60 mm in length	168	819
2.	Exceeding 60 mm but not exceeding 70 mm in length	546	1323

National Calamity Contingent Duty (NCCD) at the rate of 1% imposed on mobile phones. On imported mobile phones, this duty shall be levied as additional duty of Customs. Excise duty exemption on "shuttle-less looms" has been withdrawn.

Budget 2007

Customs

Export duty has been imposed on:

(1) Iron ores and concentrates, all sorts @ Rs. 300 per metric tonne.

(2) Chromium ores and concentrates, of all sorts @ Rs. 2000 per metric tonne.

Imposition of Secondary and Higher Education Cess of 1% on all customs duties.

Customs duty exemptions/concessions on following items have been withdrawn:

1. Chemicals, for use in the manufacture of Centchroman;
2. Codeine phosphate or Nicotine, imported by Government alkaloid factories;
3. Recorded magnetic tapes for producing TV serials;
4. Specified goods like TV cameras (professional grade), audio recording equipment, tabletop desk production video machine, 8 channel video mixer/switches etc.;
5. Specified goods for manufacture of fly ash based goods.

Excise

Specific rates of total excise duty (including cess) on *biris* revised as under:

- Biris, other than paper rolled and manufactured without the aid of machines from Rs. 12 to Rs. 14 per thousand.
- Other biris from Rs. 22 to 26 per thousand.

Excise duty increased from Rs. 400 per metric tonne to Rs. 600 per metric tonne for

cement of declared retail sale price exceeding Rs. 190 per 50 Kg. bag or per metric tonne retail sale price equivalent exceeding Rs. 3800. For mini cement plants, excise duty has been increased from Rs. 250 per metric tonne to Rs. 370 per metric tonne for cement of declared retail sale price exceeding Rs. 190 per 50 Kg. bag or per metric tonne retail sale price equivalent exceeding Rs. 3800.

Withdrawal of exemptions:

Excise duty exemptions/concessions on following items have been withdrawn:

(a) Chemical reagents manufactured by Hindustan Antibiotics Ltd. for use in manufacture of kits for testing narcotics drugs and psychtropic substances;

(b) Optical glass manufactured by the Centre Glass and Ceramic Research Institute, Calcutta for use by any Department of the Central Government;

(c) Goods like brooms, hand operated mechanical floor sweepers, mops, feather dusters, prepared knots and tufts of broom or brush; pain pads & rollers, squeezes etc.;

(d) Recorded video cassettes intended for television broadcasting, supplied in formats such as U-matic, Betacam or any similar format.

(e) Nicotine polacrilex gum;

(f) Dust and powder of synthetic stones.

Exemption from excise duty on pan masala containing tobacco and other tobacco products manufactured by specified units in the North-East Region have been withdrawn.

Specific rates of total excise duty on cigarettes were revised as under:

Description	Existing rate	Changed rate
Non-Filter Cigarettes (Rs. per 1000)		
1. Not exceeding 60 mm in length	160	168
2. Exceeding 60 mm but not exceeding 70 mm	520	546
Filter Cigarettes		
3. Not exceeding 70 mm in length	780	819
4. Exceeding 70 mm but not exceeding 75 mm	1260	1323
5. Exceeding 75 mm but not exceeding 85 mm	1675	1759
6. Other cigarettes	2060	2163
7. Cigarettes of tobacco substitutes	1150	1208

Budget 2006

Customs

- The additional duty of customs of 4% levied under section 3(5) of the Customs Tariff Act, 1975 was extended to cover all imported goods (with some exceptions). This was applied to all agricultural as well as non-agricultural imports.
- Customs duty was increased from 30% to 60% on honey.

- Customs duty was increased on vanaspati, bakery shortening, inter-esterified, re-esterified, elaidinised fats, margarine and similar boiled, oxidized, dehydrated, sulphurised, blown, polymerized or modified preparations of edible grade, falling under headings 1516, 1517 or 1518, from 30% to 80%.

Customs duty exemptions/concessions were withdrawn on following items:

- Subbed polyester base, for the manufacture of medical or industrial X-ray films and graphic art films.
- Saddle tree.
- Parts of outboard motors imported by specified agencies.
- Spare parts for maintenance of textile machinery.
- Video cassettes and video tapes imported by Television Centre of All India Radio, or by M/s. Electronic Trade and Technology Development Corporation Ltd. or by others.
- Food preparations containing flour, meal, starch, etc. in a specified proportion meant for infant use and put up for retail sale.
- Food products imported by hotels/tourism industry in terms of licenses issued under 1997-2002 EXIM Policy.
- Plant, machinery, equipment imported for setting up of Currency Note/Bank Note Press at Salbony, Mysore, Nasik and Dewas.
- Specified goods for manufacture of capital goods for setting up of a unit with an investment of Rs. 5 crore or more.

Imposition and increase in excise duty:

(1) Imposition

- Excise duty of 8% with CENVAT credit was imposed on:
  - ✦ Goggles.
  - ✦ Registers, accounts books, order books, receipt books, letter pads, memorandum pads, diaries, binders, folders, file covers, etc., paper labels, paper pulp moulded trays.
  - ✦ Articles of mica and articles of wood.
  - ✦ Goods containing at least 25% by weight of fly ash/phospho gypsum.
  - ✦ Roofing tiles.
  - ✦ Raw, tanned or dressed fur skins.
  - ✦ Portable receivers for calling, alerting or paging.
  - ✦ Henna powder, not mixed with any other ingredient.
  - ✦ 100% wood free plain or pre-laminated particle or fiberboard, made from sugarcane bagasse or other agro-waste.
  - ✦ Parts of walking-sticks, seat-sticks, whips, riding-crops and the like.
  - ✦ Parts of drawing and mathematical instruments.

- ✦ Frames and mountings for spectacles, goggles or the like, of value below Rs. 500 per piece.

(2) Excise duty of 16% was imposed on:

- Umbrellas and sun umbrellas, and their parts.
- Food preparations intended for free distribution subject to end use certification.
- Soap manufactured under a scheme for sale of Janata soap.
- Strips and tapes of polypropylene used in the factory of its production in the manufacture of polyprapylene ropes.
- Parts and components of motor vehicles transferred to a sister unit.
- Goods supplied for manufacture of PD pumps for handling water.
- Specified Goods meant for display in any fair or exhibition in India.
- Parts of table ware, kitchenware and other household articels of - iron and steel, copper, aluminium.
- Railway track machines.
- Sulphur (2503 00 10). Sulphur falling under this tariff item for fertilizers will be exempt.
- Mixture of graphite and clay for manufacture of pencils or pencil leads.
- Aluminium ferrules for manufacture of pencils.
- Tabacco used for smoking through 'hookah' or 'chilam', commonly known as 'hookah' tabacco or 'gudaku'.

(3) Excise duty was raised from 8% to 16% on:

- Mosaic tiles, Glassware, Lay flat tubing, Cigarette filter rods.
- The rate of compounded levy on stainless steel patti/pattas has been increased from Rs. 15000/- per machine to Rs. 30000/- per machine.

Further,

(1) Excise duty of 12% has been imposed on computers.

(2) Excise duty of 8% has been imposed on packaged software on electronic media.

(3) Excise duty of 16% has been imposed on set top boxes.

Cess leviable on domestic petroleum crude oil under the Oil Industry (Development) Act, 1974 was increased from Rs. 1800 per tonne to Rs. 2500 per tonne.

Bank Lockers

3763. SHRI ABU ASIM AZMI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that termites ate up cash Fixed Deposits (FDs) in bank locker at Central Bank of India, Patna;

(b) if so, how much loss the concerned person suffered and what arrangement shall be made to make the full payment to him;